

AMENDED IN ASSEMBLY MAY 30, 2017

AMENDED IN ASSEMBLY APRIL 5, 2017

AMENDED IN ASSEMBLY MARCH 28, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 64

**Introduced by Assembly Members Bonta, Cooley, Jones-Sawyer,
Lackey, and Wood**

December 12, 2016

An act to amend Sections 19334, 26055, 26070, 26150, 26151, 26152, 26153, 26154, and 26200 of, to add Sections 14235.5 and 19322.5 to, and to add Article 12 (commencing with Section 19349) to Chapter 3.5 of Division 8 of, the Business and Professions Code, to amend Section 11362.775 of the Health and Safety Code, to amend Section 34019 of the Revenue and Taxation Code, and to amend Sections 23152, 23153, and 23222 of the Vehicle Code, relating to cannabis, and making an appropriation therefor.

LEGISLATIVE COUNSEL’S DIGEST

AB 64, as amended, Bonta. Cannabis: medical and nonmedical.

(1) Existing law, the Medical Cannabis Regulation and Safety Act (MCRSA), authorizes a person who obtains both a state license under MCRSA and the relevant local license to engage in commercial medical cannabis activity pursuant to those licenses, as specified. Under MCRSA, responsibility for the state licensure and regulation of commercial medical cannabis activity is generally divided between the Bureau of Marijuana Control (bureau) within the Department of Consumer Affairs, which serves as the lead state agency and administers provisions relating to the transportation, storage unrelated to

manufacturing activities, testing, distribution, and sale of medical cannabis; the Department of Food and Agriculture, which administers provisions relating to the cultivation of medical cannabis; and the State Department of Public Health, which administers provisions relating to the manufacturing of medical cannabis.

This bill would specify that licensees under the MCRSA may operate for profit or not for profit.

(2) Existing law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure enacted by the approval of Proposition 64 at the November 8, 2016, statewide general election, authorizes a person 21 years of age or older to possess and use up to 28.5 grams of marijuana and up to 8 grams of concentrated cannabis, and to possess up to 6 living marijuana plants and the marijuana produced by those plants, subject to certain restrictions, as specified. AUMA also authorizes a person who obtains a state license under AUMA to engage in commercial *nonmedical* marijuana activity, which does not include commercial medical cannabis activity, activity pursuant to that license and applicable local ordinances. AUMA generally divides responsibility for the state licensure and regulation of commercial *nonmedical* marijuana activity between the bureau, the Department of Food and Agriculture, and the State Department of Public Health, and requires those state licensing authorities to begin issuing licenses by January 1, 2018.

Both MCRSA and AUMA require state licensure to engage in retail sale or delivery. Under the MCRSA, persons may engage in those activities with respect to medical cannabis with a Type 10, or “dispensary,” or Type 10A, or “producing dispensary,” license. Under AUMA, persons may engage in those activities with respect to nonmedical marijuana with a Type 10, or “retailer,” or Type 12, or “microbusiness,” license.

This bill would specify that a dispensary, producing dispensary, or retailer license may be issued for storefront locations with *premises* with direct physical access for the public or nonstorefront locations with *premises* without direct physical access for the public. *The bill would define “premises” for these purposes to mean a “brick and mortar” facility.*

(3) AUMA authorizes the Department of Consumer Affairs to issue retailer licenses, distributor licenses, and microbusiness licenses. AUMA authorizes a microbusiness licensee to cultivate *nonmedical* marijuana on an area less than 10,000 square feet and to act as a distributor, a

Level 1 manufacturer, and a retailer, provided the licensee complies with all requirements imposed by AUMA on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the licensee engages in such activities.

This bill would specify that a microbusiness license does not authorize the distribution of *nonmedical* marijuana or marijuana products except those produced at the licensed cultivation or manufacturing sites of the microbusiness licensee and sold at the licensed retail establishments under the exclusive control of the microbusiness licensee.

(4) AUMA prescribes various restrictions and requirements on the advertising or marketing of *nonmedical* marijuana and marijuana products applicable to commercial *nonmedical* marijuana licensees under that act. These restrictions and requirements include, among other things, a prohibition on advertising or marketing on a billboard or similar advertising device located on an interstate highway or state highway that crosses the border of any other state.

This bill would expand that prohibition to apply to advertising or marketing on all interstate highways or state highways and would apply those restrictions and requirements, with this expanded prohibition, to all entities regardless of licensure under ~~AUMA~~. *AUMA, with certain exceptions*. The bill would place similar restrictions and requirements on the advertising or marketing of medical cannabis and medical cannabis products.

(5) AUMA states that its licensure and regulation provisions do not supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate licensed businesses, except as provided. AUMA provides that an applicant need not provide documentation that the applicant has obtained a license, permit, or other authorization to operate from the local jurisdiction in which the applicant seeks to operate. AUMA prohibits state licensing authorities from approving an application for a state license if approval of the state license would violate the provisions of a local ordinance or regulation adopted to regulate licensed nonmedical marijuana businesses.

The bill would require the determination of a state licensing authority that an applicant for a state license is not in compliance with a local nonmedical marijuana business ordinance or regulation to be based on a written or electronic notification provided to the licensing authority by the local jurisdiction in response to an inquiry from the licensing authority. The bill would require the licensing authority to deem the applicant to be in compliance with all local nonmedical marijuana

business ordinances or regulations if the local jurisdiction does not provide a written or electronic notification, as specified, within 90 business days of receiving an inquiry from a state licensing authority.

(6) Existing law, the Model State Trademark Law, provides for the registration of trademarks and service marks with the Secretary of State and requires the classification of goods and services for those purposes to conform to the classifications adopted by the United States Patent and Trademark Office.

This bill, for purposes of marks for which a certificate of registration is issued on or after January 1, 2018, would, notwithstanding those provisions, authorize the use of specified classifications for marks related to medical cannabis and nonmedical cannabis goods and services that are lawfully in commerce under state law in the State of California.

(7) AUMA, commencing January 1, 2018, imposes an excise tax on the purchase of ~~marijuana~~, *marijuana* and marijuana products, *including* medical ~~cannabis~~, *cannabis* and medical cannabis ~~products~~ *products*, and a separate cultivation tax on all harvested ~~marijuana~~ and *marijuana*, *including* medical cannabis, as specified, and requires revenues from those taxes to be deposited into the California Marijuana Tax Fund, which is continuously appropriated for specified purposes pursuant to a specified schedule. Under AUMA, this schedule includes an annual allocation to the Department of the California Highway Patrol beginning with the 2018–19 fiscal year until the 2022–23 fiscal year, for the purposes of establishing and adopting protocols to determine whether a driver is operating a vehicle while impaired, among other purposes. This schedule also includes separate annual allocations to the Department of the California Highway Patrol and the Board of State and Community Corrections, beginning with the 2018–19 fiscal year, to fund grants to qualified nonprofit organizations and local governments for education, prevention, and enforcement of laws related to driving under the influence of alcohol and other drugs, among other purposes, and to fund grants to local governments to assist with local programs addressing public health and safety associated with the implementation of AUMA, respectively.

This bill would amend ~~the act~~ AUMA by modifying that schedule to require the disbursement of funds, prior to certain other disbursements, to the Department of the California Highway Patrol and the Board of State and Community Corrections for reasonable costs incurred managing the administration of those grants, would advance \$3,000,000 as a loan from the General Fund to the Department of the California

Highway Patrol for use in the 2017–18 fiscal year for the purposes for which allocations to the Department of the California Highway Patrol are required until the 2022–23 fiscal year, as described above, and would require that loan to be repaid from specified amounts disbursed from the California Marijuana Tax Fund. By modifying the schedule of disbursements and advancing a loan, this bill would make an appropriation.

(8) Existing law makes it a crime for a person who is under the influence of any drug, or the combined influence of alcohol and any drug, to drive a vehicle. Existing law also makes it a crime for a person who is under the influence of any drug, or the combined influence of alcohol and any drug, to drive a vehicle and concurrently do any act forbidden by law, or neglect any duty imposed by law in driving the vehicle, when the act or neglect proximately causes bodily injury to a person other than the driver.

This bill would recast these provisions without substantive change to provide for separate offenses for a person who is under the influence of marijuana or the combined influence of alcohol and marijuana and a person who is under the influence of a drug other than marijuana or the combined influence of alcohol and a drug other than marijuana, as specified.

(9) Existing law makes it an infraction punishable by a fine not exceeding \$100 for a person to possess not more than one ounce of marijuana while driving a motor vehicle, as specified, unless otherwise authorized by law.

This bill would make it an infraction punishable by a fine not exceeding \$100 for a person to possess marijuana while driving a motor vehicle, as specified, unless the marijuana is stored in the vehicle as ~~provided~~ *provided or the person is a licensee under MCRSA or AUMA acting in accordance with applicable regulations*.

By creating a new crime, this bill would impose a state-mandated local program.

(10) Existing law exempts qualified medical marijuana patients with valid identification cards, the designated primary caregivers of those patients, and persons with identification cards who associate within the State of California in order, collectively or cooperatively, to cultivate cannabis for medical purposes from specified criminal liability, including possession, cultivation, and transport of cannabis until one year after the bureau posts a notice on its Internet Web site that licenses for medical cannabis activity have begun being issued.

This bill would authorize collectives and cooperatives to operate for profit or not for profit. The bill would limit the protection for collectives and collaboratives operating for profit to those collectives and collaboratives that possess a valid seller's permit from the State Board of Equalization and a valid local license, permit, or other authorization.

~~(11) This bill would additionally appropriate an unspecified sum of moneys from the General Fund for the purposes of enforcement against cultivation, dispensing, and manufacturing of marijuana products that are in violation of state or local laws and ordinances, as specified.~~

~~(12)~~

(11) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~(13)~~

(12) AUMA authorizes the Legislature to amend its provisions by a $\frac{2}{3}$ vote of each house if the amendment furthers its purposes and intent.

This bill would state that the bill furthers the purposes and intent of AUMA for specified reasons.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:
3 (a) In 1996, California became the first state in the nation to
4 allow the use of medical cannabis after voters approved Proposition
5 215, the California Compassionate Use Act. In 2003, California
6 enacted Senate Bill 420, the Medical Marijuana Program Act,
7 which allowed the medical cannabis industry to organize as
8 collectives and cooperatives, and provided limited protections
9 from prosecution. In 2015, California enacted the Medical Cannabis
10 Regulation and Safety Act (MCRSA), by passing Assembly Bill
11 266 (Bonta, Cooley, Jones-Sawyer, Lackey, and Wood), Assembly
12 Bill 243 (Wood), and Senate Bill 643 (McGuire). The Medical
13 Cannabis Regulation and Safety Act was the first proactive
14 regulatory framework for medical cannabis in the state's history.
15 The MCRSA was revised in 2016 with the passage of Senate Bill

1 837 and Assembly Bill 2516, which made changes to implement
2 the act and create a new cottage cultivation license.

3 (b) In 2016, two decades after the approval of Proposition 215,
4 California voters approved Proposition 64, the Control, Regulate
5 and Tax Adult Use of Marijuana Act (AUMA). The regulatory
6 system contained within AUMA was modeled after the MCRSA,
7 as approved by the Legislature in 2015, but contained policy
8 differences and did not reflect legislative amendments made to the
9 MCRSA prior to AUMA's approval. Both acts require state
10 licenses to be issued by the Department of Consumer Affairs, the
11 Department of Food and Agriculture, and the State Department of
12 Public Health, and both require compliance with local ordinances
13 regulating commercial cannabis activity.

14 (c) AUMA directs the state to begin issuing licenses to
15 businesses in the adult use cannabis industry by January 1, 2018,
16 despite having only been approved by the voters on November 8,
17 2016. This is an aggressive timeline for implementation given that
18 it leaves state licensing authorities with less than 14 months to
19 engage in the stakeholder process, determine how to regulate the
20 adult use cannabis industry and to what extent these regulations
21 should differ from those they develop for the medical cannabis
22 industry, and begin issuing multiple types of licenses under AUMA
23 and the MCRSA, two systems with significant policy differences.

24 (d) The Blue Ribbon Commission report published on July 22,
25 2015, highlighted the benefits and drawbacks of a unitary,
26 reconciled system for regulating medical and adult use cannabis,
27 suggesting that under such a system regulated businesses can reach
28 the entire market of both adult use and medical consumers under
29 one set of licenses, which would help reduce the costs of
30 compliance with regulations and enable the businesses to remain
31 competitive with the illicit market.

32 (e) Robust standards for the cultivation, manufacturing, testing,
33 distribution, and transportation of cannabis are required under both
34 the MCRSA and AUMA and should be uniform in order to protect
35 communities, the environment, public safety, and patients, while
36 easing the transition for business.

37 (f) Both the MCRSA and AUMA place local control at the core
38 of their regulatory structures, reflecting the diversity of opinions
39 surrounding medical and adult use cannabis in cities throughout
40 California. As such, the regulatory options at the state level should

1 reflect that diversity by providing for medical dispensaries, adult
2 use dispensaries, and nonstorefront dispensaries.

3 (g) AUMA provides for amendment by the Legislature when
4 consistent with and furthering the intent and text of the initiative.
5 Creating a viable regulatory structure for both medical and adult
6 use, which this act does, is core to and furthers that intent.

7 (h) It is the intent of the Legislature that this act reconcile the
8 Medical Cannabis Regulation and Safety Act and the Control,
9 Regulate and Tax Adult Use of Marijuana Act in order to protect
10 public safety, communities, patients, consumers, and the
11 environment.

12 SEC. 2. Section 14235.5 is added to the Business and
13 Professions Code, to read:

14 14235.5. (a) Notwithstanding Section 14235, for purposes of
15 marks for which a certificate of registration is issued on or after
16 January 1, 2018, the following classifications may be used for
17 marks related to medical cannabis and nonmedical cannabis goods
18 and services that are lawfully in commerce under state law in the
19 State of California:

20 (1) 500 for goods that are medical cannabis, medical cannabis
21 products, nonmedical cannabis, or nonmedical cannabis products.

22 (2) 501 for services related to medical cannabis, medical
23 cannabis products, nonmedical cannabis, or nonmedical cannabis
24 products.

25 (b) For purposes of this section, the following terms have the
26 following meanings:

27 (1) “Medical cannabis” and “medical cannabis products” have
28 the meanings provided in Section 19300.5.

29 (2) “Nonmedical cannabis” and “nonmedical cannabis products”
30 have the meanings provided for “marijuana” and “marijuana
31 products,” respectively, in Section 26001.

32 SEC. 3. Section 19322.5 is added to the Business and
33 Professions Code, to read:

34 19322.5. A licensee may operate for profit or not for profit.

35 SEC. 4. Section 19334 of the Business and Professions Code
36 is amended to read:

37 19334. (a) State licenses to be issued by the Department of
38 Consumer Affairs are as follows:

39 (1) (A) “Dispensary,” Type 10 license as defined in this chapter.

40 This license shall allow for delivery pursuant to Section 19340.

(B) A dispensary may be either of the following:

(i) “Storefront dispensary” for licensees that have a ~~premises~~ *premises, meaning a “brick and mortar” facility*, with direct physical access for the public.

(ii) “Nonstorefront dispensary” for licensees that have a ~~premises~~ *premises, meaning a “brick and mortar” facility*, that does not have a storefront with direct physical access for the public.

(2) “Distributor,” Type 11 license for the distribution of medical cannabis and medical cannabis products from manufacturer to dispensary. A distributor licensee shall hold a Type 12 or transporter license. Each location where product is stored for the purposes of distribution must be individually licensed. A distributor licensee shall not hold a license in a cultivation, manufacturing, dispensing, or testing license category and shall not own, or have an ownership interest in, premises licensed in those categories other than a security interest, lien, or encumbrance on property that is used by a licensee. A distributor shall be bonded and insured at a minimum level established by the licensing authority.

(3) (A) “Producing dispensary,” Type 10A for dispensers who have no more than three licensed dispensary facilities and wish to hold either a cultivation or manufacturing license or both. This license shall allow for delivery where expressly authorized by local ordinance. Each dispensary must be individually licensed.

(B) A producing dispensary may be either of the following:

(i) “Storefront producing dispensary” for licensees that have a ~~premises~~ *premises, meaning a “brick and mortar” facility*, with direct physical access for the public.

(ii) “Nonstorefront producing dispensary” for licensees that have a ~~premises~~ *premises, meaning a “brick and mortar” facility*, that does not have a storefront with direct physical access for the public.

(4) “Transport,” Type 12 license for transporters of medical cannabis or medical cannabis products between licensees. A Type 12 licensee shall be bonded and insured at a minimum level established by the licensing authority.

(b) The bureau shall establish minimum security requirements for the commercial transportation, storage, and delivery of medical cannabis and medical cannabis products.

1 (c) The State Department of Public Health shall establish
2 minimum security requirements for the storage of medical cannabis
3 products at the manufacturing site.

4 (d) A licensed dispensary shall implement sufficient security
5 measures to both deter and prevent unauthorized entrance into
6 areas containing medical cannabis or medical cannabis products
7 and theft of medical cannabis or medical cannabis products at the
8 dispensary. These security measures shall include, but not be
9 limited to, all of the following:

10 (1) Preventing individuals from remaining on the premises of
11 the dispensary if they are not engaging in activity expressly related
12 to the operations of the dispensary.

13 (2) Establishing limited access areas accessible only to
14 authorized dispensary personnel.

15 (3) Storing all finished medical cannabis and medical cannabis
16 products in a secured and locked room, safe, or vault, and in a
17 manner as to prevent diversion, theft, and loss, except for limited
18 amounts of cannabis used for display purposes, samples, or
19 immediate sale.

20 (e) A dispensary shall notify the licensing authority and the
21 appropriate law enforcement authorities within 24 hours after
22 discovering any of the following:

23 (1) Significant discrepancies identified during inventory. The
24 level of significance shall be determined by the bureau.

25 (2) Diversion, theft, loss, or any criminal activity pertaining to
26 the operation of the dispensary.

27 (3) Diversion, theft, loss, or any criminal activity by any agent
28 or employee of the dispensary pertaining to the operation of the
29 dispensary.

30 (4) The loss or unauthorized alteration of records related to
31 medical cannabis or medical cannabis products, registered
32 qualifying patients, primary caregivers, or dispensary employees
33 or agents.

34 (5) Any other breach of security.

35 SEC. 5. Article 12 (commencing with Section 19349) is added
36 to Chapter 3.5 of Division 8 of the Business and Professions Code,
37 to read:

Article 12. Advertising and Marketing Restrictions

19349. For purposes of this article:

(a) “Advertise” means the publication or dissemination of an advertisement.

(b) “Advertisement” includes any written or verbal statement, illustration, or depiction that is calculated to induce sales of medical cannabis or medical cannabis products, including any written, printed, graphic, or other material, billboard, sign, or other outdoor display, public transit card, other periodical literature, publication, or in a radio or television broadcast, or in any other media; except that “advertisement” shall not include either of the following:

(1) Any label affixed to any medical cannabis or medical cannabis products, or any individual covering, carton, or other wrapper of that container that constitutes a part of the labeling under provisions of this chapter.

(2) Any editorial or other reading material, such as a news release, in any periodical or publication or newspaper for the publication of which no money or valuable consideration is paid or promised, directly or indirectly, by any licensee, and that is not written by or at the direction of the licensee.

(c) “Advertising sign” is any sign, poster, display, billboard, or any other stationary or permanently affixed advertisement promoting the sale of medical cannabis or medical cannabis products that are not cultivated, manufactured, distributed, or sold on the same lot.

(d) “Entity” means either of the following:

(1) Licensee.

(2) Business that is not a licensee and is not referenced in Section 1070 of the Evidence Code.

~~(d)~~

(e) “Market” or “Marketing” means any act or process of promoting or selling medical cannabis or medical cannabis products, including, but not limited to, sponsorship of sporting events, point-of-sale advertising, and development of products specifically designed to appeal to certain demographics.

19349.1. (a) All advertisements and marketing shall accurately and legibly identify the entity responsible for its content.

(b) Any advertisements or marketing placed in broadcast, cable, radio, print, and digital communications shall be displayed only

1 where at least 71.6 percent of the audience is reasonably expected
2 to be 21 years of age or older, as determined by reliable, up-to-date
3 audience composition data.

4 (c) Any advertisements or marketing involving direct,
5 individualized communication or dialogue shall utilize a method
6 of age affirmation to verify that the recipient is 21 years of age or
7 older prior to engaging in that communication or dialogue. For
8 purposes of this section, that method of age affirmation may
9 include user confirmation, birth date disclosure, or other similar
10 registration method.

11 (d) All advertising shall be truthful and appropriately
12 substantiated.

13 19349.2. An entity shall not do any of the following:

14 (a) Advertise or market in a manner that is false or untrue in
15 any material particular, or that, irrespective of falsity, directly, or
16 by ambiguity, omission, or inference, or by the addition of
17 irrelevant, scientific, or technical matter, tends to create a
18 misleading impression.

19 (b) Publish or disseminate advertisements or marketing
20 containing any statement concerning a brand or product that is
21 inconsistent with any statement on the labeling thereof.

22 (c) Publish or disseminate advertisements or marketing
23 containing any statement, design, device, or representation that
24 tends to create the impression that the medical cannabis originated
25 in a particular place or region, unless the label of the advertised
26 product bears an appellation of origin, and that appellation of origin
27 appears in the advertisement.

28 (d) Advertise or market on a billboard or similar advertising
29 device located on an interstate highway or state highway.

30 (e) Advertise or market medical cannabis or medical cannabis
31 products in a manner intended to encourage persons under the age
32 of 21 years to consume medical cannabis or medical cannabis
33 products.

34 (f) Publish or disseminate advertisements or marketing
35 containing symbols, language, music, gestures, cartoon characters,
36 or other content elements known to appeal primarily to minors.

37 (g) Advertise or market medical cannabis or medical cannabis
38 products on an advertising sign within 1,000 feet of a day care
39 center, school providing instruction in kindergarten or any grades
40 1 through 12, playground, or youth center.

1 19349.3. An entity shall not give away any amount of medical
2 cannabis or medical cannabis products, or any medical cannabis
3 accessories, as part of a business promotion or other commercial
4 activity.

5 19349.4. An entity shall not publish or disseminate
6 advertisements or marketing containing any statement that is untrue
7 in any particular manner or tends to create a misleading impression
8 as to the effects of medical cannabis consumption.

9 19349.5. (a) Subdivision (g) of Section 19349.2 shall not apply
10 to the placement of advertising signs inside a licensed premises
11 and that are not visible by normal unaided vision from a public
12 place, provided that those advertising signs do not advertise
13 medical cannabis or medical cannabis products in a manner
14 intended to encourage persons under the age of 21 years to consume
15 medical cannabis or medical cannabis products.

16 (b) This article does not apply to any noncommercial speech.

17 SEC. 6. Section 26055 of the Business and Professions Code
18 is amended to read:

19 26055. (a) Licensing authorities may issue state licenses only
20 to qualified applicants.

21 (b) Revocation of a state license issued under this division shall
22 terminate the ability of the licensee to operate within California
23 until the licensing authority reinstates or reissues the state license.

24 (c) Separate licenses shall be issued for each of the premises of
25 any licensee having more than one location, except as otherwise
26 authorized by law or regulation.

27 (d) After issuance or transfer of a license, a licensee shall not
28 change or alter the premises in a manner which materially or
29 substantially alters the premises, the usage of the premises, or the
30 mode or character of business operation conducted from the
31 premises, from the plan contained in the diagram on file with the
32 application, unless and until prior written assent of the licensing
33 authority or bureau has been obtained. For purposes of this section,
34 material or substantial physical changes of the premises, or in the
35 usage of the premises, shall include, but not be limited to, a
36 substantial increase or decrease in the total area of the licensed
37 premises previously diagrammed, or any other physical
38 modification resulting in substantial change in the mode or
39 character of business operation.

(e) (1) Licensing authorities shall not approve an application for a state license under this division if approval of the state license will violate the provisions of any local ordinance or regulation adopted in accordance with Section 26200. The determination of the licensing authority that an applicant for a state license is not in compliance with any local ordinance or regulation adopted in accordance with Section 26200 shall be based on a written or electronic notification provided to the licensing authority by the local jurisdiction in response to an inquiry from the licensing authority.

(2) If the local jurisdiction does not provide a written or electronic notification of compliance or noncompliance with applicable local ordinances and regulations, and does not provide notification indicating that the completion of the local permitting process is still pending, within 90 business days of receiving an inquiry from a licensing authority, the licensing authority shall deem the applicant to be in compliance with all local ordinances and regulations adopted in accordance with Section 26200. This paragraph does not preclude a local jurisdiction from enforcing applicable local ordinances and regulations with respect to the applicant.

SEC. 7. Section 26070 of the Business and Professions Code is amended to read:

26070. Retailers and Distributors.

(a) State licenses to be issued by the Department of Consumer Affairs are as follows:

(1) (A) “Retailer,” for the retail sale and delivery of marijuana or marijuana products to customers.

(B) A retailer may be either of the following:

(i) “Storefront retailer” for licensees that have a ~~premises~~ *premises, meaning a “brick and mortar” facility*, with direct physical access for the public.

(ii) “Nonstorefront retailer” for licensees that have a ~~premises~~ *premises, meaning a “brick and mortar” facility*, that does not have a storefront with direct physical access for the public.

(2) “Distributor,” for the distribution of marijuana and marijuana products. A distributor licensee shall be bonded and insured at a minimum level established by the licensing authority.

(3) “Microbusiness,” for the cultivation of marijuana on an area less than 10,000 square feet and to act as a licensed distributor,

1 Level 1 manufacturer, and retailer under this division, provided
2 such licensee complies with all requirements imposed by this
3 division on licensed cultivators, distributors, Level 1 manufacturers,
4 and retailers to the extent the licensee engages in such activities.
5 Microbusiness licenses that authorize cultivation of marijuana
6 shall include conditions requested by the Department of Fish and
7 Wildlife and the State Water Resources Control Board to ensure
8 that individual and cumulative effects of water diversion and
9 discharge associated with cultivation do not affect the instream
10 flows needed for fish spawning, migration, and rearing, and the
11 flow needed to maintain flow variability, and otherwise protect
12 fish, wildlife, fish and wildlife habitat, and water quality. A
13 microbusiness license does not authorize the distribution of
14 marijuana or marijuana products except those produced at the
15 licensed cultivation or manufacturing sites of the microbusiness
16 licensee and sold at the licensed retail establishments under the
17 exclusive control of the microbusiness licensee.

18 (b) The bureau shall establish minimum security and
19 transportation safety requirements for the commercial distribution
20 and delivery of marijuana and marijuana products. The
21 transportation safety standards established by the bureau shall
22 include, but not be limited to, minimum standards governing the
23 types of vehicles in which marijuana and marijuana products may
24 be distributed and delivered and minimum qualifications for
25 persons eligible to operate such vehicles.

26 (c) Licensed retailers and microbusinesses, and licensed
27 nonprofits under Section 26070.5, shall implement security
28 measures reasonably designed to prevent unauthorized entrance
29 into areas containing marijuana or marijuana products and theft
30 of marijuana or marijuana products from the premises. These
31 security measures shall include, but not be limited to, all of the
32 following:

33 (1) Prohibiting individuals from remaining on the licensee's
34 premises if they are not engaging in activity expressly related to
35 the operations of the dispensary.

36 (2) Establishing limited access areas accessible only to
37 authorized personnel.

38 (3) Other than limited amounts of marijuana used for display
39 purposes, samples, or immediate sale, storing all finished marijuana
40 and marijuana products in a secured and locked room, safe, or

1 vault, and in a manner reasonably designed to prevent diversion,
2 theft, and loss.

3 *SEC. 8. Section 26150 of the Business and Professions Code*
4 *is amended to read:*

5 26150. For purposes of this chapter:

6 (a) “Advertise” means the publication or dissemination of an
7 advertisement.

8 (b) “Advertisement” includes any written or verbal statement,
9 illustration, or depiction which is calculated to induce sales of
10 marijuana or marijuana products, including any written, printed,
11 graphic, or other material, billboard, sign, or other outdoor display,
12 public transit card, other periodical literature, publication, or in a
13 radio or television broadcast, or in any other media; except that
14 such term shall not include:

15 (1) Any label affixed to any marijuana or marijuana products,
16 or any individual covering, carton, or other wrapper of such
17 container that constitutes a part of the labeling under provisions
18 of this division.

19 (2) Any editorial or other reading material (e.g., news release)
20 in any periodical or publication or newspaper for the publication
21 of which no money or valuable consideration is paid or promised,
22 directly or indirectly, by any licensee, and which is not written by
23 or at the direction of the licensee.

24 (c) “Advertising sign” is any sign, poster, display, billboard, or
25 any other stationary or permanently affixed advertisement
26 promoting the sale of marijuana or marijuana products which are
27 not cultivated, manufactured, distributed, or sold on the same lot.

28 (d) “Entity” means either of the following:

29 (1) Licensee.

30 (2) Business that is not a licensee and is not referenced in
31 Section 1070 of the Evidence Code.

32 ~~(d)~~

33 (e) “Health-related statement” means any statement related to
34 health, and includes statements of a curative or therapeutic nature
35 that, expressly or by implication, suggest a relationship between
36 the consumption of marijuana or marijuana products and health
37 benefits, or effects on health.

38 ~~(e)~~

39 (f) “Market” or “Marketing” means any act or process of
40 promoting or selling marijuana or marijuana products, including,

1 but not limited to, sponsorship of sporting events, point-of-sale
2 advertising, and development of products specifically designed to
3 appeal to certain demographics.

4 ~~SEC. 8.~~

5 *SEC. 9.* Section 26151 of the Business and Professions Code
6 is amended to read:

7 26151. (a) All advertisements and marketing shall accurately
8 and legibly identify the entity responsible for its content.

9 (b) Any advertising or marketing placed in broadcast, cable,
10 radio, print, and digital communications shall only be displayed
11 where at least 71.6 percent of the audience is reasonably expected
12 to be 21 years of age or older, as determined by reliable, up-to-date
13 audience composition data.

14 (c) Any advertising or marketing involving direct, individualized
15 communication or dialogue shall utilize a method of age
16 affirmation to verify that the recipient is 21 years of age or older
17 prior to engaging in such communication or dialogue. For purposes
18 of this section, such method of age affirmation may include user
19 confirmation, birth date disclosure, or other similar registration
20 method.

21 (d) All advertising shall be truthful and appropriately
22 substantiated.

23 ~~SEC. 9.~~

24 *SEC. 10.* Section 26152 of the Business and Professions Code
25 is amended to read:

26 26152. No entity shall:

27 (a) Advertise or market in a manner that is false or untrue in
28 any material particular, or that, irrespective of falsity, directly, or
29 by ambiguity, omission, or inference, or by the addition of
30 irrelevant, scientific, or technical matter, tends to create a
31 misleading impression.

32 (b) Publish or disseminate advertising or marketing containing
33 any statement concerning a brand or product that is inconsistent
34 with any statement on the labeling thereof.

35 (c) Publish or disseminate advertising or marketing containing
36 any statement, design, device, or representation which tends to
37 create the impression that the marijuana originated in a particular
38 place or region, unless the label of the advertised product bears an
39 appellation of origin, and such appellation of origin appears in the
40 advertisement.

(d) Advertise or market on a billboard or similar advertising device located on an interstate highway or state highway.

(e) Advertise or market marijuana or marijuana products in a manner intended to encourage persons under 21 years of age to consume marijuana or marijuana products.

(f) Publish or disseminate advertising or marketing containing symbols, language, music, gestures, cartoon characters, or other content elements known to appeal primarily to persons below the legal age of consumption.

(g) Advertise or market marijuana or marijuana products on an advertising sign within 1,000 feet of a day care center, school providing instruction in kindergarten or any grades 1 through 12, playground, or youth center.

~~SEC. 10.~~

SEC. 11. Section 26153 of the Business and Professions Code is amended to read:

26153. An entity shall not gift any amount of marijuana or marijuana products, or any marijuana accessories, as part of a business promotion or other commercial activity.

~~SEC. 11.~~

SEC. 12. Section 26154 of the Business and Professions Code is amended to read:

26154. An entity shall not publish or disseminate advertising or marketing containing any health-related statement that is untrue in any particular manner or tends to create a misleading impression as to the effects of marijuana consumption on the health of an individual.

~~SEC. 12.~~

SEC. 13. Section 26200 of the Business and Professions Code is amended to read:

26200. (a) This division, except as provided by Sections 26054, 26080, and 26090, does not supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under this division, including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing exposure to secondhand smoke, or to completely prohibit the establishment or operation of one or more types of businesses licensed under this division within the local jurisdiction.

1 (b) This division does not require a licensing authority to
2 undertake local law enforcement responsibilities, enforce local
3 zoning requirements, or enforce local licensing requirements.

4 (c) A local jurisdiction shall notify the bureau upon revocation
5 of any local license, permit, or authorization for a licensee to
6 engage in commercial marijuana activity within the local
7 jurisdiction. Within 10 days of notification, the bureau shall inform
8 the relevant licensing authorities. Within 10 days of being so
9 informed by the bureau, the relevant licensing authorities shall
10 commence proceedings under Chapter 3 (commencing with Section
11 26030) to determine whether a license issued to the licensee should
12 be suspended or revoked.

13 (d) Notwithstanding paragraph (1) of subdivision (a) of Section
14 11362.3 of the Health and Safety Code, a local jurisdiction may
15 allow for the smoking, vaporizing, and ingesting of marijuana or
16 marijuana products on the premises of a retailer or microbusiness
17 licensed under this division if all of the following apply:

18 (1) Access to the area where marijuana consumption is allowed
19 is restricted to persons 21 years of age and older.

20 (2) Marijuana consumption is not visible from any public place
21 or nonage-restricted area.

22 (3) Sale or consumption of alcohol or tobacco is not allowed
23 on the premises.

24 ~~SEC. 13.~~

25 *SEC. 14.* Section 11362.775 of the Health and Safety Code is
26 amended to read:

27 11362.775. (a) Subject to subdivision (d), qualified patients,
28 persons with valid identification cards, and the designated primary
29 caregivers of qualified patients and persons with identification
30 cards, who associate within the State of California in order
31 collectively or cooperatively to cultivate cannabis for medical
32 purposes, shall not solely on the basis of that fact be subject to
33 state criminal sanctions under Section 11357, 11358, 11359, 11360,
34 11366, 11366.5, or 11570. A collective or cooperative that operates
35 pursuant to this section may operate for profit or not for profit. A
36 collective or cooperative that operates for profit shall retain the
37 protections of this section only if it possesses a valid seller's permit
38 from the State Board of Equalization and a valid local license,
39 permit, or other authorization.

(b) A collective or cooperative that operates pursuant to this section and manufactures medical cannabis products shall not, solely on the basis of that fact, be subject to state criminal sanctions under Section 11379.6 if the collective or cooperative abides by all of the following requirements:

(1) The collective or cooperative does either or both of the following:

(A) Utilizes only manufacturing processes that are either solventless or that employ only nonflammable, nontoxic solvents that are generally recognized as safe pursuant to the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 301 et seq.).

(B) Utilizes only manufacturing processes that use solvents exclusively within a closed-loop system that meets all of the following requirements:

(i) The system uses only solvents that are generally recognized as safe pursuant to the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 301 et seq.).

(ii) The system is designed to recapture and contain solvents during the manufacturing process, and otherwise prevent the off-gassing of solvents into the ambient atmosphere to mitigate the risks of ignition and explosion during the manufacturing process.

(iii) A licensed engineer certifies that the system was commercially manufactured, safe for its intended use, and built to codes of recognized and generally accepted good engineering practices, including, but not limited to, the American Society of Mechanical Engineers (ASME), the American National Standards Institute (ANSI), Underwriters Laboratories (UL), the American Society for Testing and Materials (ASTM), or OSHA Nationally Recognized Testing Laboratories (NRTLs).

(iv) The system has a certification document that contains the signature and stamp of a professional engineer and the serial number of the extraction unit being certified.

(2) The collective or cooperative receives and maintains approval from the local fire official for the closed-loop system, other equipment, the extraction operation, and the facility.

(3) The collective or cooperative meets required fire, safety, and building code requirements in one or more of the following:

(A) The California Fire Code.

(B) The National Fire Protection Association (NFPA) standards.

1 (C) International Building Code (IBC).

2 (D) The International Fire Code (IFC).

3 (E) Other applicable standards, including complying with all
4 applicable fire, safety, and building codes in processing, handling,
5 and storage of solvents or gasses.

6 (4) The collective or cooperative is in possession of a valid
7 seller's permit issued by the State Board of Equalization.

8 (5) The collective or cooperative is in possession of a valid local
9 license, permit, or other authorization specific to the manufacturing
10 of medical cannabis products, and in compliance with any
11 additional conditions imposed by the city or county issuing the
12 local license, permit, or other authorization.

13 (c) For purposes of this section, "manufacturing" means
14 compounding, converting, producing, deriving, processing, or
15 preparing, either directly or indirectly by chemical extraction or
16 independently by means of chemical synthesis, medical cannabis
17 products.

18 (d) This section shall remain in effect only until one year after
19 the Bureau of Marijuana Control posts a notice on its Internet Web
20 site that the licensing authorities have commenced issuing licenses
21 pursuant to the Medical Cannabis Regulation and Safety Act
22 (Chapter 3.5 (commencing with Section 19300) of Division 8 of
23 the Business and Professions Code).

24 (e) This section is repealed one year after the date upon which
25 the notice is posted pursuant to subdivision (d).

26 ~~SEC. 14.~~

27 *SEC. 15.* Section 34019 of the Revenue and Taxation Code is
28 amended to read:

29 34019. (a) Beginning with the 2017–18 fiscal year, the
30 Department of Finance shall estimate revenues to be received
31 pursuant to Sections 34011 and 34012 and provide those estimates
32 to the Controller no later than June 15 of each year. The Controller
33 shall use these estimates when disbursing funds pursuant to this
34 section. Before any funds are disbursed pursuant to subdivisions
35 (b), (c), (d), and (e), the Controller shall disburse from the Tax
36 Fund to the appropriate account, without regard to fiscal year, the
37 following:

38 (1) Reasonable costs incurred by the board for administering
39 and collecting the taxes imposed by this part; provided, however,
40 those costs shall not exceed 4 percent of tax revenues received.

(2) Reasonable costs incurred by the bureau, the Department of Consumer Affairs, the Department of Food and Agriculture, and the State Department of Public Health for implementing, administering, and enforcing Chapter 3.5 (commencing with Section 19300) of Division 8 of the Business and Professions Code and Division 10 (commencing with Section 26000) of the Business and Professions Code to the extent those costs are not reimbursed pursuant to Section 26180 of the Business and Professions Code or pursuant to Chapter 3.5 (commencing with Section 19300) of Division 8 of the Business and Professions Code. Disbursements from the ~~tax fund~~ *Tax Fund* may be made, until June 30, 2023, for the reasonable costs identified in this paragraph.

(3) Reasonable costs incurred by the Department of Fish and Wildlife, the State Water Resources Control Board, and the Department of Pesticide Regulation for carrying out their respective duties under Chapter 3.5 (commencing with Section 19300) of Division 8 of the Business and Professions Code or Division 10 (commencing with Section 26000) of the Business and Professions Code to the extent those costs are not otherwise reimbursed.

(4) Reasonable costs incurred by the Controller for performing duties imposed by the Control, Regulate and Tax Adult Use of Marijuana Act, including the audit required by Section 34020.

(5) Reasonable costs incurred by the State Auditor for conducting the performance audit pursuant to Section 26191 of the Business and Professions Code.

(6) Reasonable costs incurred by the Legislative Analyst's Office for performing duties imposed by Section 34017.

(7) Reasonable costs incurred by the Department of the California Highway Patrol and the Board of State and Community Corrections for managing grant administration pursuant to paragraph (3) of subdivision (f).

(8) Sufficient funds to reimburse the Division of Labor Standards Enforcement and the Division of Occupational Safety and Health within the Department of Industrial Relations and the Employment Development Department for the costs of applying and enforcing state labor laws to licensees under Chapter 3.5 (commencing with Section 19300) of Division 8 of the Business and Professions Code and Division 10 (commencing with Section 26000) of the Business and Professions Code.

1 (b) The Controller shall next disburse the sum of ten million
2 dollars (\$10,000,000) to a public university or universities in
3 California annually beginning with 2018–19 fiscal year until the
4 2028–29 fiscal year to research and evaluate the implementation
5 and effect of the Control, Regulate and Tax Adult Use of Marijuana
6 Act, and shall, if appropriate, make recommendations to the
7 Legislature and Governor regarding possible amendments to the
8 Control, Regulate and Tax Adult Use of Marijuana Act. The
9 recipients of these funds shall publish reports on their findings at
10 a minimum of every two years and shall make the reports available
11 to the public. The bureau shall select the universities to be funded.
12 The research funded pursuant to this subdivision shall include, but
13 not necessarily be limited to, all of the following:

14 (1) Impacts on public health, including health costs associated
15 with marijuana use, as well as whether marijuana use is associated
16 with an increase or decrease in use of alcohol or other drugs.

17 (2) The impact of treatment for maladaptive marijuana use and
18 the effectiveness of different treatment programs.

19 (3) Public safety issues related to marijuana use, including
20 studying the effectiveness of the packaging and labeling
21 requirements and advertising and marketing restrictions contained
22 in the act at preventing underage access to and use of marijuana
23 and marijuana products, and studying the health-related effects
24 among users of varying potency levels of marijuana and marijuana
25 products.

26 (4) Marijuana use rates, maladaptive use rates for adults and
27 youth, and diagnosis rates of marijuana-related substance use
28 disorders.

29 (5) Marijuana market prices, illicit market prices, tax structures
30 and rates, including an evaluation of how to best tax marijuana
31 based on potency, and the structure and function of licensed
32 marijuana businesses.

33 (6) Whether additional protections are needed to prevent
34 unlawful monopolies or anti-competitive behavior from occurring
35 in the nonmedical marijuana industry and, if so, recommendations
36 as to the most effective measures for preventing such behavior.

37 (7) The economic impacts in the private and public sectors,
38 including, but not necessarily limited to, job creation, workplace
39 safety, revenues, taxes generated for state and local budgets, and
40 criminal justice impacts, including, but not necessarily limited to,

1 impacts on law enforcement and public resources, short and long
2 term consequences of involvement in the criminal justice system,
3 and state and local government agency administrative costs and
4 revenue.

5 (8) Whether the regulatory agencies tasked with implementing
6 and enforcing the Control, Regulate and Tax Adult Use of
7 Marijuana Act are doing so consistent with the purposes of the
8 act, and whether different agencies might do so more effectively.

9 (9) Environmental issues related to marijuana production and
10 the criminal prohibition of marijuana production.

11 (10) The geographic location, structure, and function of licensed
12 marijuana businesses, and demographic data, including race,
13 ethnicity, and gender, of license holders.

14 (11) The outcomes achieved by the changes in criminal penalties
15 made under the Control, Regulate and Tax Adult Use of Marijuana
16 Act for marijuana-related offenses, and the outcomes of the juvenile
17 justice system, in particular, probation-based treatments and the
18 frequency of up-charging illegal possession of marijuana or
19 marijuana products to a more serious offense.

20 (c) The Controller shall next disburse the sum of three million
21 dollars (\$3,000,000) annually to the Department of the California
22 Highway Patrol beginning with the 2018–19 fiscal year until the
23 2022–23 fiscal year to establish and adopt protocols to determine
24 whether a driver is operating a vehicle while impaired, including
25 impairment by the use of marijuana or marijuana products, and to
26 establish and adopt protocols setting forth best practices to assist
27 law enforcement agencies. The department may hire personnel to
28 establish the protocols specified in this subdivision. In addition,
29 the department may make grants to public and private research
30 institutions for the purpose of developing technology for
31 determining when a driver is operating a vehicle while impaired,
32 including impairment by the use of marijuana or marijuana
33 products.

34 (d) The Controller shall next disburse the sum of ten million
35 dollars (\$10,000,000) beginning with the 2018–19 fiscal year and
36 increasing ten million dollars (\$10,000,000) each fiscal year
37 thereafter until the 2022–23 fiscal year, at which time the
38 disbursement shall be fifty million dollars (\$50,000,000) each year
39 thereafter, to the Governor's Office of Business and Economic
40 Development, in consultation with the Labor and Workforce

1 Development Agency and the State Department of Social Services,
2 to administer a community reinvestments grants program to local
3 health departments and at least 50 percent to qualified
4 community-based nonprofit organizations to support job placement,
5 mental health treatment, substance use disorder treatment, system
6 navigation services, legal services to address barriers to reentry,
7 and linkages to medical care for communities disproportionately
8 affected by past federal and state drug policies. The office shall
9 solicit input from community-based job skills, job placement, and
10 legal service providers with relevant expertise as to the
11 administration of the grants program. In addition, the office shall
12 periodically evaluate the programs it is funding to determine the
13 effectiveness of the programs, shall not spend more than 4 percent
14 for administrative costs related to implementation, ~~evaluation~~
15 *evaluation*, and oversight of the programs, and shall award grants
16 annually, beginning no later than January 1, 2020.

17 (e) The Controller shall next disburse the sum of two million
18 dollars (\$2,000,000) annually to the University of California San
19 Diego Center for Medicinal Cannabis Research to further the
20 objectives of the center including the enhanced understanding of
21 the efficacy and adverse effects of marijuana as a pharmacological
22 agent.

23 (f) By July 15 of each fiscal year beginning with the 2018–19
24 fiscal year, the Controller shall, after disbursing funds pursuant to
25 subdivisions (a), (b), (c), (d), and (e), disburse funds deposited in
26 the Tax Fund during the prior fiscal year into sub-trust accounts,
27 which are hereby created, as follows:

28 (1) Sixty percent shall be deposited in the Youth Education,
29 Prevention, Early Intervention and Treatment Account, and
30 disbursed by the Controller to the State Department of Health Care
31 Services for programs for youth that are designed to educate about
32 and to prevent substance use disorders and to prevent harm from
33 substance use. The State Department of Health Care Services shall
34 enter into interagency agreements with the State Department of
35 Public Health and the State Department of Education to implement
36 and administer these programs. The programs shall emphasize
37 accurate education, effective prevention, early intervention, school
38 retention, and timely treatment services for youth, their families
39 and caregivers. The programs may include, but are not limited to,
40 the following components:

(A) Prevention and early intervention services including outreach, risk survey and education to youth, families, caregivers, schools, primary care health providers, behavioral health and substance use disorder service providers, community and faith-based organizations, fostercare providers, juvenile and family courts, and others to recognize and reduce risks related to substance use, and the early signs of problematic use and of substance use disorders.

(B) Grants to schools to develop and support student assistance programs, or other similar programs, designed to prevent and reduce substance use, and improve school retention and performance, by supporting students who are at risk of dropping out of school and promoting alternatives to suspension or expulsion that focus on school retention, remediation, and professional care. Schools with higher than average dropout rates should be prioritized for grants.

(C) Grants to programs for outreach, education and treatment for homeless youth and out-of-school youth with substance use disorders.

(D) Access and linkage to care provided by county behavioral health programs for youth, and their families and caregivers, who have a substance use disorder or who are at risk for developing a substance use disorder.

(E) Youth-focused substance use disorder treatment programs that are culturally and gender competent, trauma-informed, evidence-based and provide a continuum of care that includes screening and assessment (substance use disorder as well as mental health), early intervention, active treatment, family involvement, case management, overdose prevention, prevention of communicable diseases related to substance use, relapse management for substance use and other co-occurring behavioral health disorders, vocational services, literacy services, parenting classes, family therapy and counseling services, medication-assisted treatments, psychiatric ~~medication~~ *medication*, and psychotherapy. When indicated, referrals must be made to other providers.

(F) To the extent permitted by law and where indicated, interventions shall utilize a two-generation approach to addressing substance use disorders with the capacity to treat youth and adults together. This would include supporting the development of family-based interventions that address substance use disorders

1 and related problems within the context of families, including
2 parents, foster parents, ~~caregivers~~ *caregivers*, and all their children.

3 (G) Programs to assist individuals, as well as families and
4 friends of drug using young people, to reduce the stigma associated
5 with substance use including being diagnosed with a substance
6 use disorder or seeking substance use disorder services. This
7 includes peer-run outreach and education to reduce stigma,
8 anti-stigma campaigns, and community recovery networks.

9 (H) Workforce training and wage structures that increase the
10 hiring pool of behavioral health staff with substance use disorder
11 prevention and treatment expertise. Provide ongoing education
12 and coaching that increases substance use treatment providers'
13 core competencies and trains providers on promising and
14 evidenced-based practices.

15 (I) Construction of community-based youth treatment facilities.

16 (J) The departments may contract with each county behavioral
17 health program for the provision of services.

18 (K) Funds shall be allocated to counties based on demonstrated
19 need, including the number of youth in the county, the prevalence
20 of substance use disorders among adults, and confirmed through
21 statistical data, validated assessments or submitted reports prepared
22 by the applicable county to demonstrate and validate need.

23 (L) The departments shall periodically evaluate the programs
24 they are funding to determine the effectiveness of the programs.

25 (M) The departments may use up to 4 percent of the moneys
26 allocated to the Youth Education, Prevention, Early Intervention
27 and Treatment Account for administrative costs related to
28 implementation, ~~evaluation~~ *evaluation*, and oversight of the
29 programs.

30 (N) If the Department of Finance ever determines that funding
31 pursuant to marijuana taxation exceeds demand for youth
32 prevention and treatment services in the state, the departments
33 shall provide a plan to the Department of Finance to provide
34 treatment services to adults as well as youth using these funds.

35 (O) The departments shall solicit input from volunteer health
36 organizations, physicians who treat addiction, treatment
37 researchers, family therapy and counseling providers, and
38 professional education associations with relevant expertise as to
39 the administration of any grants made pursuant to this paragraph.

(2) Twenty percent shall be deposited in the Environmental Restoration and Protection Account, and disbursed by the Controller as follows:

(A) To the Department of Fish and Wildlife and the Department of Parks and Recreation for the cleanup, remediation, and restoration of environmental damage in watersheds affected by marijuana cultivation and related activities including, but not limited to, damage that occurred prior to enactment of this part, and to support local partnerships for this purpose. The Department of Fish and Wildlife and the Department of Parks and Recreation may distribute a portion of the funds they receive from the Environmental Restoration and Protection Account through grants for purposes specified in this paragraph.

(B) To the Department of Fish and Wildlife and the Department of Parks and Recreation for the stewardship and operation of state-owned wildlife habitat areas and state park units in a manner that discourages and prevents the illegal cultivation, production, sale and use of marijuana and marijuana products on public lands, and to facilitate the investigation, enforcement and prosecution of illegal cultivation, production, sale, and use of marijuana or marijuana products on public lands.

(C) To the Department of Fish and Wildlife to assist in funding the watershed enforcement program and multiagency taskforce established pursuant to subdivisions (b) and (c) of Section 12029 of the Fish and Game Code to facilitate the investigation, enforcement, and prosecution of these offenses and to ensure the reduction of adverse impacts of marijuana cultivation, production, sale, and use on fish and wildlife habitats throughout the state.

(D) For purposes of this paragraph, the Secretary of the Natural Resources Agency shall determine the allocation of revenues between the departments. During the first five years of implementation, first consideration should be given to funding purposes specified in subparagraph (A).

(E) Funds allocated pursuant to this paragraph shall be used to increase and enhance activities described in subparagraphs (A), (B), and (C), and not replace allocation of other funding for these purposes. Accordingly, annual General Fund appropriations to the Department of Fish and Wildlife and the Department of Parks and Recreation shall not be reduced below the levels provided in the Budget Act of 2014 (Chapter 25 of the Statutes of 2014).

1 (3) Twenty percent shall be deposited into the State and Local
2 Government Law Enforcement Account and disbursed by the
3 Controller as follows:

4 (A) To the Department of the California Highway Patrol for
5 conducting training programs for detecting, ~~testing~~ *testing*, and
6 enforcing laws against driving under the influence of alcohol and
7 other drugs, including driving under the influence of marijuana.
8 The department may hire personnel to conduct the training
9 programs specified in this subparagraph.

10 (B) To the Department of the California Highway Patrol to fund
11 internal California Highway Patrol programs and grants to qualified
12 nonprofit organizations and local governments for education,
13 ~~prevention~~ *prevention*, and enforcement of laws related to driving
14 under the influence of alcohol and other drugs, including marijuana;
15 programs that help enforce traffic laws, educate the public in traffic
16 safety, provide varied and effective means of reducing fatalities,
17 injuries and economic losses from collisions; and for the purchase
18 of equipment related to enforcement of laws related to driving
19 under the influence of alcohol and other drugs, including marijuana.

20 (C) To the Board of State and Community Corrections for
21 making grants to local governments to assist with law enforcement,
22 fire protection, or other local programs addressing public health
23 and safety associated with the implementation of the Control,
24 Regulate and Tax Adult Use of Marijuana Act. The board shall
25 not make any grants to local governments which have banned the
26 cultivation, including personal cultivation under paragraph (3) of
27 subdivision (b) of Section 11362.2 of the Health and Safety Code,
28 or retail sale of marijuana or marijuana products pursuant to Section
29 26200 of the Business and Professions Code or as otherwise
30 provided by law.

31 (D) For purposes of this paragraph, the Department of Finance
32 shall determine the allocation of revenues between the agencies;
33 provided, however, beginning in the 2022–23 fiscal year the
34 amount allocated pursuant to subparagraph (A) shall not be less
35 than ten million dollars (\$10,000,000) annually and the amount
36 allocated pursuant to subparagraph (B) shall not be less than forty
37 million dollars (\$40,000,000) annually. In determining the amount
38 to be allocated before the 2022–23 fiscal year pursuant to this
39 paragraph, the Department of Finance shall give initial priority to
40 subparagraph (A).

(g) Funds allocated pursuant to subdivision (f) shall be used to increase the funding of programs and purposes identified and shall not be used to replace allocation of other funding for these purposes.

(h) (1) Prior to July 1, 2028, the Legislature shall not change the allocations to programs specified in subdivisions (d) and (f).

(2) On and ~~After~~ after July 1, 2028, the Legislature may amend this section by majority vote to further the purposes of the Control, Regulate and Tax Adult Use of Marijuana Act, including allocating funds to programs other than those specified in subdivisions (d) and (f). Any revisions pursuant to this subdivision shall not result in a reduction of funds to accounts established pursuant to subdivisions (d) and (f) in any subsequent year from the amount allocated to each account in the 2027–28 fiscal year.

~~SEC. 15.~~

SEC. 16. Section 23152 of the Vehicle Code is amended to read:

23152. (a) It is unlawful for a person who is under the influence of any alcoholic beverage to drive a vehicle.

(b) ~~(1)~~ It is unlawful for a person who has 0.08 percent or more, by weight, of alcohol in his or her blood to drive a vehicle.

~~(2) For~~

For purposes of this article and Section 34501.16, percent, by weight, of alcohol in a person's blood is based upon grams of alcohol per 100 milliliters of blood or grams of alcohol per 210 liters of breath.

~~(3) In~~

In any prosecution under this subdivision, it is a rebuttable presumption that the person had 0.08 percent or more, by weight, of alcohol in his or her blood at the time of driving the vehicle if the person had 0.08 percent or more, by weight, of alcohol in his or her blood at the time of the performance of a chemical test within three hours after the driving.

(c) It is unlawful for a person who is addicted to the use of any drug to drive a vehicle. This subdivision shall not apply to a person who is participating in a narcotic treatment program approved pursuant to Article 3 (commencing with Section 11875) of Chapter 1 of Part 3 of Division 10.5 of the Health and Safety Code.

(d) It is unlawful for a person who has 0.04 percent or more, by weight, of alcohol in his or her blood to drive a commercial motor vehicle, as defined in Section 15210. In a prosecution under this subdivision, it is a rebuttable presumption that the person had 0.04 percent or more, by weight, of alcohol in his or her blood at the time of driving the vehicle if the person had 0.04 percent or more, by weight, of alcohol in his or her blood at the time of the performance of a chemical test within three hours after the driving.

(e) Commencing July 1, 2018, it shall be unlawful for a person who has 0.04 percent or more, by weight, of alcohol in his or her blood to drive a motor vehicle when a passenger for hire is a passenger in the vehicle at the time of the offense. For purposes of this subdivision, “passenger for hire” means a passenger for whom consideration is contributed or expected as a condition of carriage in the vehicle, whether directly or indirectly flowing to the owner, operator, agent, or any other person having an interest in the vehicle. In a prosecution under this subdivision, it is a rebuttable presumption that the person had 0.04 percent or more, by weight, of alcohol in his or her blood at the time of driving the vehicle if the person had 0.04 percent or more, by weight, of alcohol in his or her blood at the time of the performance of a chemical test within three hours after the driving.

(f) It is unlawful for a person who is under the influence of any drug other than marijuana to drive a vehicle.

(g) It is unlawful for a person who is under the combined influence of any alcoholic beverage and drug other than marijuana to drive a vehicle.

(h) It is unlawful for a person who is under the influence of marijuana to drive a vehicle.

(i) It is unlawful for a person who is under the combined influence of any alcoholic beverage and marijuana to drive a vehicle.

~~SEC. 16.~~

SEC. 17. Section 23153 of the Vehicle Code is amended to read:

23153. (a) It is unlawful for a person, while under the influence of any alcoholic beverage, to drive a vehicle and concurrently do any act forbidden by law, or neglect any duty imposed by law in driving the vehicle, when the act or neglect proximately causes bodily injury to any person other than the driver.

1 (b) ~~(1)~~—It is unlawful for a person, while having 0.08 percent
2 or more, by weight, of alcohol in his or her blood, to drive a vehicle
3 and concurrently do any act forbidden by law, or neglect any duty
4 imposed by law in driving the vehicle, when the act or neglect
5 proximately causes bodily injury to any person other than the
6 driver.

7 ~~(2)~~—~~In~~

8 *In* any prosecution under this subdivision, it is a rebuttable
9 presumption that the person had 0.08 percent or more, by weight,
10 of alcohol in his or her blood, at the time of driving the vehicle if
11 the person had 0.08 percent or more, by weight, of alcohol in his
12 or her blood, at the time of the performance of a chemical test
13 within three hours after driving.

14 (c) In proving the person neglected any duty imposed by law
15 in driving the vehicle, it is not necessary to prove that any specific
16 section of this code was violated.

17 (d) It is unlawful for a person, while having 0.04 percent or
18 more, by weight, of alcohol in his or her blood, to drive a
19 commercial motor vehicle, as defined in Section 15210 and
20 concurrently to do any act forbidden by law, or neglect any duty
21 imposed by law in driving the vehicle, when the act or neglect
22 proximately causes bodily injury to a person other than the driver.
23 In a prosecution under this subdivision, it is a rebuttable
24 presumption that the person had 0.04 percent or more, by weight,
25 of alcohol in his or her blood at the time of driving the vehicle if
26 the person had 0.04 percent or more, by weight, of alcohol in his
27 or her blood at the time of performance of a chemical test within
28 three hours after driving.

29 (e) Commencing July 1, 2018, it is unlawful for a person, while
30 having 0.04 percent or more, by weight, of alcohol in his or her
31 blood, to drive a motor vehicle when a passenger for hire is a
32 passenger in the vehicle at the time of the offense, and concurrently
33 to do any act forbidden by law or neglect any duty imposed by
34 law in driving the vehicle, when the act or neglect proximately
35 causes bodily injury to any person other than the driver. For
36 purposes of this subdivision, “passenger for hire” means a
37 passenger for whom consideration is contributed or expected as a
38 condition of carriage in the vehicle, whether directly or indirectly
39 flowing to the owner, operator, agent, or any other person having
40 an interest in the vehicle. In a prosecution under this subdivision,

1 it is a rebuttable presumption that the person had 0.04 percent or
2 more, by weight, of alcohol in his or her blood at the time of
3 driving the vehicle if the person had 0.04 percent or more, by
4 weight, of alcohol in his or her blood at the time of performance
5 of a chemical test within three hours after driving.

6 (f) It is unlawful for a person, while under the influence of any
7 drug other than marijuana, to drive a vehicle and concurrently do
8 any act forbidden by law, or neglect any duty imposed by law in
9 driving the vehicle, when the act or neglect proximately causes
10 bodily injury to any person other than the driver.

11 (g) It is unlawful for a person, while under the combined
12 influence of any alcoholic beverage and drug other than marijuana,
13 to drive a vehicle and concurrently do any act forbidden by law,
14 or neglect any duty imposed by law in driving the vehicle, when
15 the act or neglect proximately causes bodily injury to any person
16 other than the driver.

17 (h) It is unlawful for a person who is under the influence of
18 marijuana to drive a vehicle and concurrently do any act forbidden
19 by law, or neglect any duty imposed by law in driving the vehicle,
20 when the act or neglect proximately causes bodily injury to any
21 person other than the driver.

22 (i) It is unlawful for a person who is under the combined
23 influence of any alcoholic beverage and marijuana to drive a
24 vehicle and concurrently do any act forbidden by law, or neglect
25 any duty imposed by law in driving the vehicle, when the act or
26 neglect proximately causes bodily injury to any person other than
27 the driver.

28 ~~SEC. 17.~~

29 *SEC. 18.* Section 23222 of the Vehicle Code is amended to
30 read:

31 23222. (a) A person shall not have in his or her possession on
32 his or her person, while driving a motor vehicle upon a highway
33 or on lands, as described in Section 38001, any bottle, can, or other
34 receptacle, containing any alcoholic beverage which has been
35 opened, or a seal broken, or the contents of which have been
36 partially removed.

37 (b) Except as authorized by law, every person who possesses,
38 while driving a motor vehicle upon a highway or on lands, as
39 described in Section 38001, not more than one avoirdupois ounce
40 of marijuana, other than concentrated cannabis as defined by

1 Section 11006.5 of the Health and Safety Code, is guilty of an
2 infraction punishable by a fine of not more than one hundred
3 dollars (\$100).

4 (c) A person shall not have marijuana or marijuana products,
5 including edibles and concentrates, in his or her possession while
6 driving a motor vehicle upon a highway or on lands described in
7 Section 38001 unless ~~the~~ *either of the following applies:*

8 (1) *The* marijuana or marijuana products are located in one of
9 the following:

10 ~~(1)~~

11 (A) The trunk of the vehicle.

12 ~~(2)~~

13 (B) In an area of the vehicle not normally occupied or directly
14 accessible by the driver or passengers if the vehicle does not have
15 a trunk. For purposes of this subdivision, a glove compartment is
16 directly accessible by the driver.

17 ~~(3)~~

18 (C) Notwithstanding ~~paragraph (2)~~ *subparagraph (B)* and if the
19 vehicle does not have a trunk, marijuana or marijuana products
20 may be located in a glove compartment if in a sealed package with
21 the original manufacturer's seal intact.

22 (2) *The person is a licensee under Chapter 3.5 (commencing*
23 *with Section 19300) of Division 8 of, or under Division 10*
24 *(commencing with Section 26000) of, the Business and Professions*
25 *Code acting in accordance with applicable regulations.*

26 ~~SEC. 18.~~

27 *SEC. 19.* The sum of three million dollars (\$3,000,000) is
28 hereby advanced as a loan from the General Fund to the
29 Department of the California Highway Patrol for use in the
30 2017–18 fiscal year for the purposes described in subdivision (c)
31 of Section 34019 of the Revenue and Taxation Code. Moneys
32 advanced pursuant to this section shall be repaid from amounts to
33 be disbursed to the Department of the California Highway Patrol
34 pursuant to subdivision (c) of Section 34019 of the Revenue and
35 Taxation Code.

36 ~~SEC. 19.~~ The sum of _____ dollars (\$_____) is hereby
37 appropriated for the purposes of enforcement against cultivation,
38 dispensing, and manufacturing marijuana products that are in
39 violation of state or local laws and ordinances, as follows:

1 (a) _____ dollars (\$ _____) to the Board of State and Community
2 Corrections.

3 (b) _____ dollars (\$ _____) to the Department of Justice.

4 (c) _____ dollars (\$ _____) to the Department of Fish and Wildlife.

5 SEC. 20. No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 the only costs that may be incurred by a local agency or school
8 district will be incurred because this act creates a new crime or
9 infraction, eliminates a crime or infraction, or changes the penalty
10 for a crime or infraction, within the meaning of Section 17556 of
11 the Government Code, or changes the definition of a crime within
12 the meaning of Section 6 of Article XIII B of the California
13 Constitution.

14 SEC. 21. The Legislature finds and declares that this act
15 furthers the purposes and intent of the Control, Regulate and Tax
16 Adult Use of Marijuana Act by accomplishing all of the following:

17 (a) Reducing barriers to entry into the legal, regulated market
18 by ensuring that the market is not dominated by a monopoly power.

19 (b) Preventing large, vertically integrated companies from using
20 a microbusiness license to circumvent and undermine the system
21 of state licensing in which every marijuana business is overseen
22 by a specialized agency with relevant expertise.

23 (c) Ensuring that the Department of the California Highway
24 Patrol and the Board of State and Community Corrections have
25 the resources necessary to kick-start development of impaired
26 driving protocols and administration of grant programs for
27 education, local law enforcement, public health, and community
28 investment required by the Control, Regulate and Tax Adult Use
29 of Marijuana Act.

30 (d) Taking nonmedical marijuana production and sales out of
31 the hands of the illegal market and bringing them under a
32 regulatory structure that prevents access by minors and protects
33 public safety, public health, and the environment.

34 (e) Strictly controlling the cultivation, processing, manufacture,
35 distribution, testing, and sale of nonmedical marijuana through a
36 system of state licensing, regulation, and enforcement.

37 (f) Allowing local governments to enforce state laws and
38 regulations for nonmedical marijuana businesses if that authority
39 is delegated to them by the state, and enact additional local
40 requirements for nonmedical marijuana businesses, but not require

- 1 that they do so for a nonmedical marijuana business to be issued
- 2 a state license and be legal under state law.

O